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U.S.-Congress - Committee
on interoceanic ship canal.
Interoceanic ship railway.

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INTEROCEANIC SHIP RAILWAY.

(For views of the minority of committee, see House Mis. Doc. No. 13, third session Forty-sixth Congress.)

FEBRUARY 22, 1881.—Ordered to be printed.

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Mr. KING, from the Committee on Interoceanic Ship Canal, submitted the following

REPORT:

[To accompany bill H. R. 3662.]

Shortly after its appointment the committee organized and proceeded to hear the testimony of many persons interested in the various routes across the American Isthmus. A number of surveys, both at Nicaragua and Panama, had in years past been made, under the supervision of well-known Government engineers, some of whom appeared before the committee and explained matters connected with their surveys, exhibiting charts and plans of the various routes, and calling attention to the advantages which they respectively presented.

Your committee does not consider it necessary to dwell at any length upon this testimony of a general character taken before it, inasmuch as the points of interest which it contains will all appear from a perusal of the same, it having been printed for the use of the House.

The only value which this testimony can have will depend upon its relation to the practical solution of the problem of Isthmian transit. For more than three centuries the question of the removal of the Isthmian barrier has been discussed by the civilized world, and its importance has increased with the growth of commerce, until in our day its solution has been determined upon as a matter of absolute necessity. Although a transit way across the Isthmus would be of great value to all the maritime nations of the earth, the commerce of no nation would be as beneficially affected by it as that of the United States, provided such transit way be located at the proper point upon the Isthmus. The total length of the Isthmus is about 1,500 miles, and there are a number of points where the location of a transit way has been deemed practicable. The most prominent of these are Tehuantepec, Nicaragua, and Panama.

Three propositions of a practical character were submitted to your committee. The first was that of M. De Lesseps, who proposed to construct a tide-level canal at Panama. The second was that of a number of gentlemen who proposed to construct a canal with locks at Nicaragua, and the third was that of Mr. James B. Eads, who proposed to construct a ship railway across the Isthmus of Tehuantepec. Your committee could not consider with any favor the first of these propositions. The company proposing to do the work was one organized in France under French law, and one of the inducements held out to subscribers in France by M. De Lesseps was that all questions arising, wherein the

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rights of parties interested were to be adjudicated, would be determined before French courts. Being finally convinced that it was to the interests of the United States Government to control any transit constructed upon the Isthmus, and that we could not consent as a nation to the control of the same by foreign capital, protected as it must be by foreign power, your committee were unwilling to give any countenance to this French project. It is idle to attempt to disconnect an investment by foreign capital, under a foreign charter, from an assertion of foreign power. If the Government of the United States were to permit the investment of European capital in a canal at Panama, it would be the right and duty of that European power to protect its citizens in the enjoyment of all rights growing out of their investment. But it may be said : "Allow the company to construct the work, and if any foreign power shall afterwards interfere, it will then be time enough for the Government of the United States to resist such interference." Your committee are unwilling to recommend the adoption of a course which would inevitably result in bringing on a war between France and this country, when by the present exercise of wisdom the complications leading to war can be avoided. A proper discouragement by our Government of the French project and a refusal to countenance or permit its construction would render it impossible for any of those questions to arise which would bring the two nations in conflict.

Leaving entirely out of view, however, the question of the policy of our Government of control over an Isthmus highway, there are other grounds upon which the committee could not give its assent to the Panama project. The Panama route offers to our commerce scarcely any advantage over the commerce of other nations. A vessel leaving the mouth of the Mississippi River bound for California or the Orient would be required to cross the Gulf of Mexico, and, passing through the Yucatan Channel, sail hundreds of miles along the coast of the Caribbean Sea, and after crossing at Panama traverse again for hundreds of miles a northwardly course on the Pacific side before she would reach a point on the Pacific opposite to that from which she set out. If European commerce is alone to be considered, Panama is the route; but it is not the route for American commerce. Another objection to the construction of such a canal at Panama lies in the enormous cost of the work. Without stopping to give in detail the various estimates submitted, your committee reports that such a work would probably not cost less than two hundred millions of dollars, and might cost a great deal more; that it would hardly be completed in less than twenty years, and that the cost of maintenance when completed cannot be safely estimated.

The proposition to construct a canal at Nicaragua, although not subject to the same objections as those in the case of the tide-level canal at Panama, is nevertheless by no means free from objection. The Nicaragua route is undoubtedly the best one if a canal is to be constructed; but Tehuantepec possesses advantages in point of location which can be claimed for no other route. This brings us at once to the consideration of the proposition of Mr. James B. Eads to construct a ship railway at Tehuantepec. In considering this proposition the question first presents itself, *is a ship railway practicable?* The evidence before the committee upon this point is overwhelmingly in the affirmative. Mr. Eads submitted to the committee his plans in detail, so fully explaining all points involved and answering all objections presented as to convince your committee that the work proposed will accomplish all he claims for it. The transportation of vessels by rail is by no means an untried experiment, but has been demonstrated as feasible by actual experience. No railway,

It is true, has ever heretofore been constructed for the transportation of ocean vessels of the largest class, but vessels of smaller tonnage have been in the past, and are now being, safely transported in this manner, both in this country and abroad. Forty years ago canal-boats were transported by rail on what was known as the Portage Railroad, in the State of Pennsylvania, which road extended from Johnstown to Hollidaysburg, and was used in connection with the Pennsylvania Canal. Within a few miles of Washington, boats, with their cargoes, are now being transported by rail from the Potomac River to the canal, 30 feet above; and, in Prussia, river and lake steamers, with their cargoes, are transported in a similar manner over long distances. There is a vast interval between the portage of an Indian canoe and the transportation of great ships by an interoceanic railway, but it is not greater than science has bridged in other departments of human effort. Your committee will not, however, go into a discussion of the various questions of engineering involved in the matter of the practicability of a ship railway.

The evidence before the committee clearly settles that matter. Some of the most able and prominent engineers in the world have declared in letters, which have been submitted to the committee, that the project of a ship railway is in every sense practicable. Among those who have thus testified are General Q. A. Gillmore, of the United States Engineer Corps; Hon. E. J. Reed, late chief constructor of the British Navy; Edward Hartt, United States naval constructor; Commander Farquhar, U. S. N.; Henry Fladd, C. E.; C. Shaler Smith, C. E.; Mr. O. Chanute, superintendent of the Erie Railway; General G. T. Beauregard; Maj. Charles R. Suter, United States Engineer Corps; H. T. Whitcomb, United States Engineer Corps, and others of equal prominence and ability. Not only is there an abundance of evidence upon the question of the practicability of a ship railway, but it is a noticeable fact that no engineer has appeared before the committee denying its practicability.

Your committee believe, from the evidence before them, the following facts: 1st, that a ship railway can be constructed at less than one-half the cost of a canal with locks; 2d, that such railway can be completed in five years, while it would take ten years longer to construct a canal at Nicaragua, and twenty years or more to construct the tide-level canal at Panama; 3d, that vessels of largest tonnage, with their cargoes, can be safely transported upon the railway at a fair rate of speed; 4th, that the cost of maintenance of the railway, when completed, will not exceed that of a canal with locks, and will be less than that of a tide-level canal; and, 5th, that the railway, when completed, will meet the wants, not only of present, but future commerce, inasmuch as an increase in the size of ships will not require any substantial alteration in its road or its bed, but will simply affect the rolling-stock. In this respect the railway has a great advantage over a canal with locks.

Having considered and settled the question of the practicability of a ship railway, and having stated the various advantages possessed by the same, the next matter to consider is the point upon the Isthmus where it is proposed that such railway shall be located.

Mr. Eads has selected the Isthmus of Tehuantepec, and your committee unhesitatingly finds and reports that, of all the routes across the Isthmus, Tehuantepec is essentially the American route. A glance at the map will at once demonstrate the correctness of this assertion. If a vessel leaving the mouth of the Mississippi River, bound for California or the Orient, cross the Isthmus at Tehuantepec, her voyage will be 1,250 miles shorter in distance than if she crossed at Nicaragua, and

2,200 miles shorter than if she crossed at Panama. If a vessel leaving New York, bound for the same destination, cross the Isthmus of Tehuantepec, her voyage will be 750 miles shorter than if she went by Nicaragua, and 1,250 miles shorter than if she went by Panama. Inasmuch as this large saving of distance chiefly affects only the commerce of this country and that of Mexico, and not the commerce of Europe, it must be at once apparent that the location of a transit way at Tehuantepec is of vital importance to the commercial interests of the United States.

The saving of distance is synonymous with cheap transportation. Both at Panama and Nicaragua, at various periods throughout the year, calms prevail to an extent which would greatly decrease the value of either of the routes for sailing vessels. Such, however, is not the case at Tehuantepec, as favorable winds always prevail there, thus affording a guarantee of no serious detention to sailing vessels seeking a passage by that route.

Mr. Eads has secured from the Mexican Government a most generous concession for his ship railway. Realizing the importance of such a work to her own commerce and that of the United States, Mexico has shown a liberality truly to be commended. She has given to Mr. Eads, or the company organized by him, 1st, a right of way across the Isthmus a half a mile in width; 2d, an exemption of the property and capital stock of the company from taxation during the period of the grant, namely, 99 years; 3d, the right to import upon the Isthmus, free of duty, any and all materials necessary for the construction and operation of the railway and its appurtenances; 4th, an exemption from all export duty of the silver and bullion used by the company, either in the payment of dividends to stockholders or debts contracted by the company abroad; and 5th, she has given to the company a subvention of a million acres of the public lands.

In the opinion of your committee, it would be a great mistake for the Government of the United States to fail to recognize in a substantial way the overtures thus made by Mexico. The duty of our Government in the premises is a plain one, whether viewed from a selfish or an unselfish standpoint. If viewed in the former light, it must be apparent to any one at all familiar with the enormous commercial interests which will be affected by the great work proposed that any liberality exercised by our Government will be returned a hundred-fold in the increased benefits resulting to our commerce. Of the valuable and growing commerce of Mexico, the United States now enjoys but 5 per cent.; 95 per cent. of it is enjoyed by other nations. The markets of Mexico are to-day practically closed to the products of our soil and industry, while there is no good reason why they should not be open to both.

The combined commerce of British India, Australia, China, Hong-Kong, Peru, New Zealand, Chili, Japan, the Philippine Islands, Tasmania, and the Hawaiian Islands amounts to \$1,425,953,000 annually. Of this vast commerce the United States only enjoys 4 per cent., and the Mississippi Valley, comprising a territory equal in extent to six-tenths of the total area of the thirty-eight States of the Union, is wholly debarred therefrom. An increase of our trade, nearly doubling it in this quarter, would more than compensate the United States for the guarantee asked by Mr. Eads.

Leaving out of view the question of interest, it would scarcely be consistent with the dignity and magnanimity of as great a country as ours to reject the friendly proffers of a sister republic and refuse to lend

any assistance to a great work like that proposed; especially so in view of the revived fraternal feeling now existing there towards us.

In the Mexican concession an article is included expressly authorizing Mr. Eads to accept from any foreign government aid, by way of money or guarantee, to enable him to construct the railway, with power upon his part to give to such government any security, by way of assignment or intervention in the revenues of the road, which he may agree to do with that government. Prompted by a desire that the United States Government shall reap the benefits flowing from the construction of the railway, Mr. Eads has first offered it the opportunity of so doing. Here is an opportunity for the assertion by our Government, in a most practical and sensible way, of her right to control any highway across the Isthmus, and if she is willing to couple her assertion of this right with such a substantial investment as will look to the successful completion of the work, her action will merit, and receive, the respect of the civilized world. If, however, she refuses her aid, and yet denies the right of any other nation to assist in the work, such a course would neither meet with recognition nor approval at home or abroad. The wording of the concession allowing Mr. Eads to accept "from any foreign government" is significant, and should cause us to weigh well the matter before refusing our assistance. Owing to the magnitude of the work, and the immense amount of money necessary for its construction, Mr. Eads has found it necessary to secure Government aid.

He does not ask the Government of the United States to advance the money necessary to construct the railway, as was done in the case of the great Pacific trunk lines, but simply asks that it shall guarantee the payment for the period of fifteen years of dividends of 6 per cent. per annum upon the par value of \$50,000,000 of the capital stock of the company.

He estimates that the total cost of construction will be \$75,000,000, and asks a stock guarantee to the extent of two-thirds of this amount. He does not claim anything by way of gift or subsidy from the United States. On the contrary, he proposes to pay back to the Government every dollar which it may be called upon to advance under its guarantee. The loan of credit is based upon good and sufficient consideration, which is as follows, namely: 1st, Mr. Eads proposes to carry, during the whole period of the grant, Government vessels, mails, and officials, and transmit all Government telegrams, free of charge; 2d, he gives to the United States the right to regulate the tolls of the company; and, 3d, the right to discriminate in favor of American and Mexican commerce. In no sense can the aid solicited be deemed a subsidy—1st, because it is not a gift, but a loan; 2d, because it is founded upon a good and sufficient consideration; and, 3d, because by the term of the bill the proposed guarantee is made conditional upon a thorough test of the practicability of the project. The bill provides that under no circumstances shall the Government guarantee have any force or effect until ten miles of the railway, with its terminal works, shall have been constructed and tested by a transfer over the same of a loaded vessel without injury to the road, vessel, or the terminal works. When this test has been successfully applied \$5,000,000 of the guarantee attaches, and as various other sections of the road are completed and tested by the transfer of a vessel of increased weight, proportional amounts of the guarantees respectively attach until the total amount of \$50,000,000 is reached.

Your committee will not here give in detail the provisions of the bill which they have agreed upon further than to say that at every point

the interests of the Government are protected, and a loss of public money by reason of the investment renders it impossible. In order that no question might be raised as to the meaning of the words "net profits," the bill fixes the same at 50 per cent. of the gross profits. The company is precluded from mortgaging its property or hypothecating its revenues during the period of time covered by the guarantee, and most ample provision is made for the return into the Treasury of the United States of any moneys which the Government may be called upon to pay by virtue of its guarantee.

The bill provides that its stipulations shall not take effect or be in force for any purpose whatever until all the powers, rights, and immunities conferred or reserved to the United States shall have been duly recognized and consented to by the Government of Mexico.

Wherefore your committee report the accompanying bill, with the recommendation that it do pass.

A BILL to incorporate the Interoceanic Ship Railway Company, and for other purposes.

Whereas the Government of Mexico has granted unto James B. Eads, of Saint Louis, Mo., or to such company as he may organize, certain powers, rights, and privileges in the matter of the construction and operation of a ship railway across the Isthmus of Tehuantepec, with an accessory railway, lines of telegraph, and water approaches, and has authorized said Eads to obtain a charter for said company either in Mexico or elsewhere; and,

Whereas, among other rights conferred, said Eads or said company are authorized to hypothecate the revenues of said ship railway to any foreign government as security for any money advanced or guarantee given by such foreign government in aid of said company: Now, therefore,

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That for the purpose of constructing and operating sa'd ship railway and its accessories, hereinbefore recited, and for the full enjoyment of all the rights, privileges, and concessions mentioned and contained in the hereinbefore cited grant, and such others as may be hereafter secured from the Government of Mexico, said James B. Eads, with such others as may be associated with him, and their successors are hereby created a body corporate and politic in deed and in law under and by the name, style, and title of "The Interoceanic Ship Railway Company," and by that name shall have perpetual succession, and shall be able to sue and be sued, plead and be impleaded, defend and be defended in all courts of law and equity within the United States of America; and shall generally have and possess all the rights, privileges, and powers usually possessed by similar companies, and may do all lawful things necessary to carry into effect the purposes of this act and secure the full enjoyment of the powers, privileges, rights, and concessions contained in the grant hereinbefore recited and any supplementary grants; and said company is hereby authorized and empowered to make and have a common seal, to acquire, hold, transfer, or otherwise dispose of property, real and personal, and to elect such officers, employ such agents and attorneys, establish such office or offices in such place or places, issue capital stock in such amount, which shall not, however, in any event exceed seventy-five millions of dollars, dispose of such stock in such way, open and keep such books for stock subscriptions and other purposes, and impose and collect such tolls, rates, and charges as to it, said company, may seem necessary and proper: *Provided, however,* That such tolls, rates, and charges shall at all times be subject to revision and control by Congress, as hereinafter provided; and said company is hereby authorized and empowered to make such by-laws, rules, and regulations as it may deem necessary and proper relating to the management of the affairs of the company, the issue and disposition of its stocks, the acquisition and disposal of its property, estate, and effects, the imposition and collection of its tolls, rates, and charges, the declaration of dividends on its capital stock, the number and character of its officers, their duties and terms of office, the regulations for the safety and control of vessels in transit or in the docks, harbors, or works of the company; and relating to all other matters and things not inconsistent with this act and connected with the business of said company or involved in carrying out the purposes for which said company is created.

SEC. 2. That the Government of the United States hereby guarantees that the stockholders of said company shall receive, during each and every year from and after the

dates and times hereinafter specified, and until fifteen years after said railway is completed, semi-annual dividends of not less than three per centum upon the par value of the stock held by them; said stock, however, not to exceed in the aggregate fifty million dollars. And the United States hereby obligates itself to pay semi-annually to said company, for the use of, and for distribution among, its said stockholders, any sum which may be necessary to fully make up, from time to time, said semi-annual dividends of three per centum: *Provided, however, and it is expressly understood, That no part of this guarantee shall take effect until the entire practicability of the said ship railway shall be demonstrated by the safe and prompt transportation of a loaded vessel, weighing, with her load, not less than two thousand tons, over ten miles of said railway, at a speed of not less than six miles an hour.*

Whenever said company shall have completed ten miles of said ship railway, and shall have constructed the necessary terminal works to transfer vessels from the water to the railway, the President of the United States shall, at the request of said company, appoint a board of engineers consisting of three members—one from the Navy, one from the Army, and one from civil life, whose duty it shall be to proceed at once to the said ship railway, and if said company shall, in the presence of said board, transport a loaded vessel, weighing, with her load, not less than two thousand tons, at an average speed of not less than six miles per hour upon the said ten miles of its railway, and return the same into the harbor without injury to the vessel, the railway, or the terminal works, such facts shall be immediately reported by said board to the Secretary of the Navy; and at the date of the transportation of such vessel as aforesaid, the guarantee of the United States as hereinbefore provided for, to the extent of five million dollars, shall thereupon attach.

When another ten miles of said railway, with the necessary terminal works aforesaid, shall have been completed at the other end of the railway, a board of three engineers shall, at the request of said company, be detailed in like manner by the President of the United States to witness the testing of the same; and if a vessel of the weight specified shall in like manner and with like results be transported upon the same, these facts shall be immediately reported by said board to the Secretary of the Navy and said guarantee shall thereupon attach to the extent of five million dollars more. Said company may, should it deem it necessary, construct a canal or artificial water-way connecting the terminal works of the railway with the river or harbor at either end thereof. The portion of the proposed route of the railway lying between the two ten-mile sections before mentioned and the line of the canal, should the same be constructed, shall be divided by said company into twenty sections or subdivisions of equal length, one of which may be composed of both railway and canal, and when the railway or canal shall be constructed upon any of these sections, the President of the United States shall, at the request of said company, at once send a board of engineers, constituted as above, to witness the testing of it, which shall be in manner following; namely: Each of the first five intermediate sections completed shall be tested by the safe transportation over it of a loaded vessel, weighing, with her load, not less than twenty five hundred tons, at an average speed of not less than six miles per hour. Each of the second five intermediate sections shall be tested by the transportation over it, at a like speed, of a loaded vessel weighing, with her load, not less than three thousand tons. Each of the third five intermediate sections shall be tested by the transportation over it, at a like speed, of a loaded vessel weighing, with her load, not less than thirty-five hundred tons, and each of the remaining five intermediate sections shall be tested by the transportation over it, at a like speed, of a loaded vessel weighing, with her load, not less than four thousand tons: *Provided, however, That the rate of speed herein specified shall only be required where the transportation of the vessel is upon the railway. This part of the test shall have no application to any section or part of a section which may be composed of canal. As each section of the railway is tested by the safe transportation of a vessel upon it of the weight and at the rate of speed aforesaid, and as each section of the canal is tested by the safe transportation of such vessel through the same, these facts shall be promptly reported by the board to the Secretary of the Navy, and the guarantee of the United States, as hereinbefore provided for, shall at once attach to the extent of two millions of dollars for each and every section so completed. After the completion of the first terminal section of ten miles of the railway and the testing thereof, the other terminal section, or any one or more of the intermediate sections of railway, or sections of canal, may be completed and tested, and the corresponding guarantee for each shall attach without reference to the order of time in which they may be severally completed. In all cases where said guarantee shall attach, a dividend of three per centum on the amount of the stock thus guaranteed shall be due and payable by the Government on the first day of January or July following the date of the testing of the section of railway or canal as aforesaid, and semi-annually thereafter until the expiration of the period of fifteen years from and after the completion of the said railway.*

Said railway shall be deemed completed when the last section thereof has been tested as aforesaid.

SEC. 3. That every six months, namely on the first day of January and July of each year following the dates or times at which the vessel shall be transported upon the various portions of the railway completed, the Secretary of the Navy shall, upon the demand of said company, draw his requisition upon the Secretary of the Treasury of the United States in favor of said company for a sum sufficient to pay three per centum upon the par value of the stock to which the guarantee of the Government shall then have attached; and the Secretary of the Treasury is hereby authorized and directed to pay to said company the sums for which such requisitions are drawn. Whenever, after the completion of said railway, a semi-annual dividend shall become due to the stockholders upon the fifty millions of dollars of stock guaranteed by the Government, it shall be the duty of said company to exhibit to the auditor of railroad accounts of the Interior Department of the United States a full and correct statement, duly certified by the president of said company, and verified by the affidavit of the secretary, which said statement shall clearly show the gross earnings of the company during the six months. Fifty per cent. of said gross earnings shall be taken as, and deemed to be, the net earnings of the company; and if such net earnings, thus ascertained, shall be insufficient to enable said company to pay to its stockholders a dividend of three per centum for the six months upon the par value of the stock held by them, not to exceed fifty million dollars, said auditor shall thereupon transmit to the Secretary of the Navy a certificate setting forth the amount of money necessary to enable said company to pay said three per centum to its stockholders as aforesaid; and upon the receipt of such certificate the Secretary of the Navy is hereby authorized and directed to draw his requisition upon the Secretary of the Treasury of the United States in favor of said company for the sum mentioned in said certificate, and the Secretary of the Treasury is hereby authorized and directed to pay to said company the sum for which said requisition is drawn.

SEC. 4. That the Secretary of the Treasury of the United States is hereby directed to issue the bonds of the United States of the character and description now, or which may hereafter be, authorized for the refunding of the national debt, to the said Inter-oceanic Ship Railway Company, in payment at par of the aforesaid requisitions of the Secretary of the Navy, unless the Congress of the United States shall have previously provided for the payment of the same by the necessary appropriation of money.

SEC. 5. That as often as the Government of the United States shall, under the provisions of this act, advance moneys to the company hereby created, it shall be the duty of said company to at once issue its bonds, obligating itself thereby to pay to the Government sums equal in amount to those advanced by the Government to it; which said sums shall, by the terms of said bonds, be payable in ten years from the date thereof: *Provided, however,* That if at the expiration of any year after the completion of the road the net earnings of said road shall exceed a sum sufficient to pay six per cent. dividends upon the capital stock of said company, all moneys so in excess shall at once be paid by the company to the Secretary of the Treasury of the United States, and shall be by him applied to the payment of the bonds oldest in date theretofore issued by the company to the Government. Any bonds thus paid shall be canceled and returned to the company. All bonds issued to the Government by said company shall be delivered to, and held in the custody of, the Secretary of the Treasury.

SEC. 6. In consideration of the guarantee of the Government herein contained, said company shall, when so required, transport upon its railway, when completed, any and all Government vessels, troops, mails, and officials, and transmit upon its telegraph line all Government messages, free of charge.

SEC. 7. In further consideration of said guarantee, the Government of the United States shall have the right and power, through its Congress, to revise and control the tolls, rates, and charges imposed by said company for the transportation of vessels upon its railway. If such tolls, rates, and charges are deemed too high, they may be reduced, or if too low, increased: *Provided, however,* That in no case shall said tolls be so reduced as to prevent said company from paying upon the par value of its total capital stock a less semi-annual dividend than four per centum. The Government shall have the right, in fixing the rates of tolls, to discriminate in favor of vessels belonging to citizens of the United States or Mexico, but in all such cases the commerce of Mexico shall enjoy every advantage and immunity equally with that of the United States.

SEC. 8. That said company may mortgage the lands granted to it by the Mexican Government, and its auxiliary railway and appurtenances, and the revenues thereof, but it shall have no right during the continuance of the guarantee aforesaid to mortgage the ship railway or any part of the work or appurtenances necessary for the prompt and safe transit of vessels across the Isthmus, nor shall it have the right, during said period, to alienate or hypothecate the revenues derived therefrom.

SEC. 9. That said company shall transport upon its railway no vessels of war, mu-

nitions, troops, or contraband of war of any nation at war with the United States or Mexico.

SEC. 10. Nothing herein contained shall be so construed as to, in any way, conflict with the provisions of the concession granted by the Mexican Government to James B. Eads, and heretofore referred to; and it is hereby expressly declared that the Government of the United States shall not, by reason of its guarantee aforesaid, secure any right which will violate the letter or spirit of said concession.

SEC. 11. That nothing in this act shall be construed to trammel the said Eads in the design, location, and construction of said railway and its accessory works.

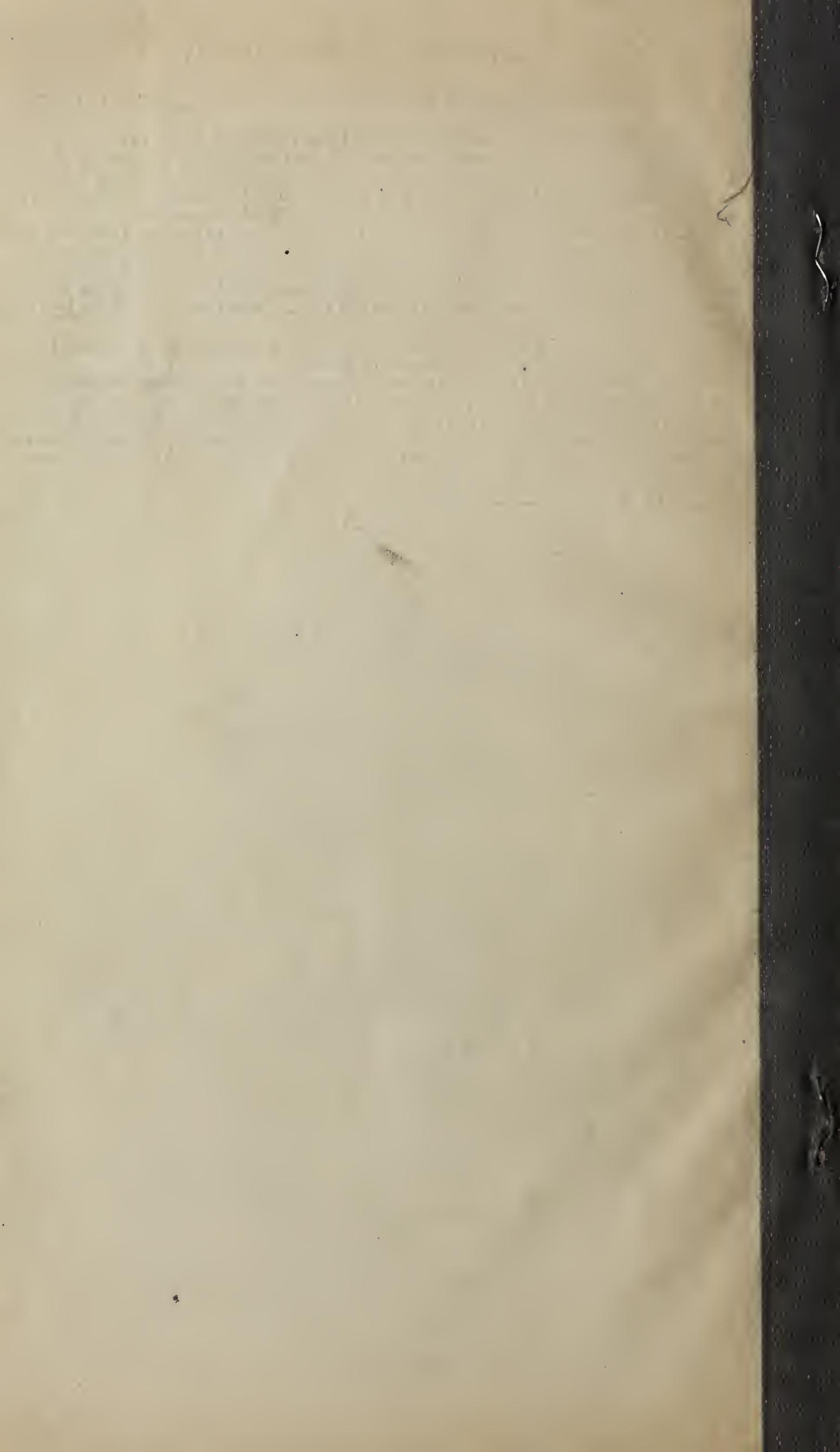
SEC. 12. That the stockholders of the corporation hereby created shall not be individually liable for the debts of the corporation except to the extent of the unpaid purchase-money which may be due upon the capital stock subscribed for by them respectively.

SEC. 13. That said corporation shall exist and continue during the period of ninety-nine years from the date of the passage of this act.

SEC. 14. That all acts or parts of acts inconsistent with the provisions of this act be, and the same are hereby, repealed so far as they affect the corporation hereby created: *Provided*, That this act shall not take effect, or be in force for any purpose whatever, until all the powers, rights, and immunities conferred or herein reserved to the United States shall have been duly recognized and consented to by the Government of Mexico.

H. Rep. 322—2





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